Opening statement by Mr. Maurice Crowley, Chief Executive (Acting), Banking & Payments Federation Ireland to the Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach
12 March 2019

Chair of the Committee, TD’s & Senators,

I would like to introduce my colleagues Felix O’Regan Director Public Affairs and Bernice Evoy Head of Legal & Regulatory. We appreciate the opportunity to address this Committee, on the issue of a future framework for accountability in banking.

We recognise the importance and value of the work conducted last year by the Central Bank in undertaking behaviour and culture assessments of each of the five main retail banks; and are committed to working – together with our member banks – with the Central Bank in helping to bring about further improvement in the consumer-focused culture of banking in Ireland. The Central Bank report recommended the enhancement of the current fitness and probity regime by way of implementation of a new framework of individual accountability to be known as the Senior Executive Accountability Regime (SEAR). We have advised both the Central Bank and the Minister of Finance of our sector’s support for this direction of travel. We see opportunity to learn from similar developments elsewhere, not least in the UK; and we have made it our business to draw from the experience of various parties to this end.

We were also pleased to contribute to identifying the broad architecture of a new independent body on banking culture. We have since seen the establishment of the Irish Banking Culture Board and the appointment of its Chairman, Justice John Hedigan. We remain committed to working as appropriate with the Board in the development of the highest standards of culture and conduct across the banking sector.

We are also very active in facilitating consideration of how a customer-centric culture can best be embedded in banks. This has involved our drawing on experiences in other countries, engaging with relevant participants there and providing a platform for those experiences and learning to be shared with our member banks and stakeholders here.

In fully supporting the development of the Senior Executive Accountability Regime, and, in the interests of delivering a fully effective SEAR, we would like to discuss some issues with you which we believe are worthy of consideration:

- Need to get the balance correct between a clear focus on driving a customer centric culture and a potentially over-bureaucratic process and structure.
- The need to ensure that SEAR is not introduced in a manner that hinders the attraction of talent to the sector and/or mobility/diversity within banks.
- The importance of clarifying the distinction between the collective, fiduciary responsibility of a bank’s board and its members and the individual accountability of Board Directors and Senior Executives, and expectations around senior managers taking all reasonable steps to mitigate risks, in contrast to the position in the UK, which requires reasonable steps to be taken – interpretation/definition/guidance on this issue will be critical for bank executives as the new regime is introduced.

In closing, let me again welcome the opportunity today to discuss these issues with you and to hear your own views on this very important issue.